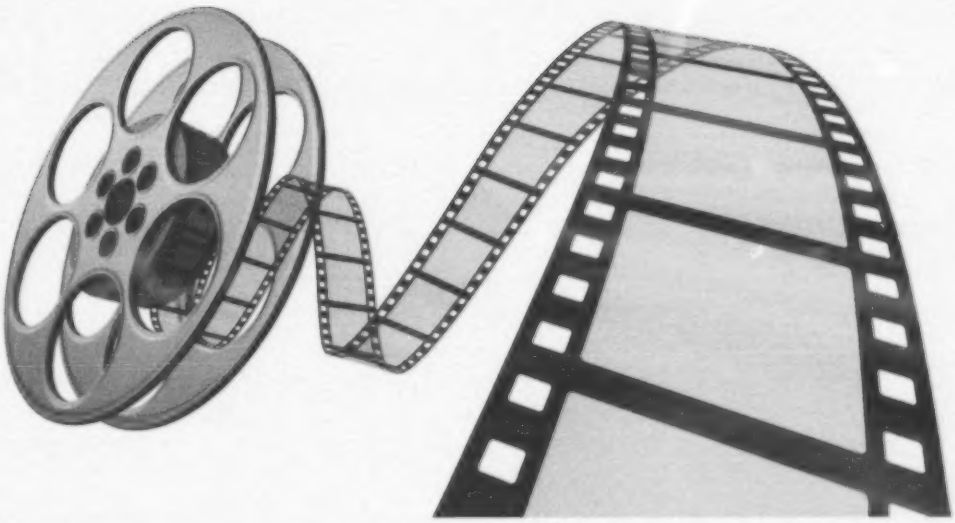
ontario
film
authority

ANNUAL REPORT

For the Period October 1, 2015 - March 31, 2016



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MESSAGE FROM THE CHAIR

January 27, 2016

The Honourable Tracy MacCharles
Minister of Government and Consumer Services
Minister Responsible for Accessibility
Mowat Block, 6th Floor
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister MacCharles,

On October 1, 2015, the Ontario Film Authority (OFA) celebrated becoming a delegated administrative authority (DAA) and on behalf of its interim Board of Directors ("the Board"), I have the privilege of presenting our first Annual Report. The Annual Report details our operational activities for the period October 1, 2015 to March 31, 2016 and sets out our financial standing for the fiscal year April 1, 2015 to March 31, 2016.

The OFA was established under the *Safety and Consumer Statutes Administration Act, 1996* and was delegated the responsibility to administer the *Film Classification Act, 2005* and its associated regulation on behalf of the government of Ontario. The delegation to the OFA occurred as a result of the mutual desire of the Ontario government and the film industry to enhance professionalism, increase consumer protection and provide an effective, efficient and responsive regulatory framework.

The Board met five times between October and March and I am pleased to report that much was accomplished at the governance level including approving our first annual budget, developing key human resources processes, and adopting an access to personal information and privacy policy.

A crucial milestone for the Board was the development of a process for the nomination and election of the OFA's first permanent directors who are not appointed by the Minister. There will be four directors nominated and elected - three from stakeholder constituencies (a representative from both non-Canadian and Canadian film distributors and one from exhibitors) and one with experience in broadcast codes/standards relating to the distribution of product from the screen-based entertainment sector. The composition of the permanent board will reflect a wide range of knowledge, skills and experience in accordance with a skills and experience matrix which was created to support the nomination and election process.

Another significant milestone was the drafting of the OFA's permanent Corporate By-law which will set out among other things, how the OFA's permanent board shall manage the organization's affairs including ensuring that the OFA meets its obligations under the Administrative Agreement.

The OFA was very fortunate to be able to rely on the Ministry's former Theatres Regulation Unit staff to assist with knowledge transfer to the OFA's Executive Director and Registrar and her new team. The OFA also now oversees the operations of the Ontario Film Review Board (OFRB) and we welcomed the OFRB members' expertise and continued involvement in providing film classification services to our stakeholders and the public. I am grateful for the positive and collaborative working relationship that exists with the Ministry and look forward to it continuing as the OFA strives to successfully fulfill its mandate.

In closing, I would like to thank the other directors for their hard work and guidance in these early months of delegation. The foundation has been laid for the OFA to be an effective, efficient and responsive regulatory body, and a path is being developed upon which to map out OFA's first strategic plan and set priorities.

Yours truly,

Ontario Film Authority

Tom Wright

Tom Wright
Chair of the Board of Directors

MESSAGE FROM THE EXECUTIVE DIRECTOR AND REGISTRAR

I am honoured to have been appointed by the interim Board of Directors as the Ontario Film Authority's (OFA) first Executive Director and Registrar. I am particularly grateful to work with such a dedicated and knowledgeable Board, and to work with a strong and dynamic team on the operational side that will ensure the OFA meets new and exciting challenges and opportunities ahead.

As the Executive Director, I feel privileged to be at the beginning of the OFA's evolution into an effective and efficient not-for-profit corporation with the capacity and the expertise to fulfill the OFA's obligations under the Administrative Agreement. The Administrative Agreement sets out the matters the Minister of Government and Consumer Services considers necessary for delegating the administration of the *Film Classification Act, 2005*, to the OFA. As Registrar, I take the responsibilities conferred upon that position by the *Film Classification Act, 2005* seriously and I look forward to working with the film industry sector and the public in an open, accessible, accountable, and responsive manner.

While much thought and hard work had been done prior to the OFA's October 1 delegation date by the Ministry of Government and Consumer Services' implementation team, there were still challenges, some unforeseen, in the first six months of operations.

One of the most significant challenges was the execution of two core responsibilities, namely the processing of day-to-day film classification and licensing applications. This needed to appear seamless to our clients as these functions transitioned from a government program to the OFA, while substantive knowledge transfer to the new OFA administrative team was occurring. The good news was that we were well positioned to overcome challenges that are inherent in a start-up organization be they technological, human resources, customer service or regulatory in nature.

As we look ahead, we will continue to forge collaborative bonds with other established administrative authorities and collaborate with them for best practices, find ways to better engage with our stakeholders and provide accessible, informative and user-friendly information to the public about film classifications and licensees. Above all, we look forward to implementing the OFA's mission and vision statements, and values as they are formulated in a future first strategic plan.

Abena Buahene

Abena Buahene
Executive Director and Registrar

MANDATE

The OFA's mandate is to administer the *Film Classification Act, 2005* ("FCA") and the associated regulation.

The OFA is responsible for:

- licensing of film distributors, retailers and exhibitors
- hiring Ontario Film Review Board (OFRB) members and overseeing the OFRB which classifies most mainstream films and approves or refuses to approve adult sex films for public exhibition and distribution
- promoting and enhancing public information, education, confidence and awareness in the film industry in Ontario through, but not necessarily limited to the following activities: film classification, licensing, inspections, investigations, responding to complaints and public education activities
- engaging the public, stakeholders and government to enhance consumer protection and foster constructive dialogues

The OFA supports the Ministry of Government and Consumer Services' mission of protecting the public interest and advancing the principle of ensuring a fair, safe and informed marketplace as it relates to the *Film Classification Act, 2005*.

ONTARIO FILM AUTHORITY STRUCTURE

Organization

The OFA is an independent, not-for-profit corporation financed through film classification fees and licensing fees from film distributors, exhibitors and retailers. The Ministry of Government and Consumer Services (MGCS) continues to be responsible for the FCA and Ontario Regulation 452/05.

Governance

The Board of Directors has the authority to direct the OFA in accordance with its Administrative Agreement with the MGCS and all applicable statutes. The Board oversees the management of the OFA's business and affairs including oversight of the operations of the Ontario Film Review Board.

The OFA is currently governed by a four-member interim Board of Directors, comprised of government, industry and public representatives. The Board is accountable to the Minister through the Chair, for the performance of the OFA.

Tom Wright, Chair

Tom Wright was elected Chair of the interim Board of Directors of the Ontario Film Authority in September 2013 and was appointed as the Statutory Director for purposes of reconsideration of film classification decisions under the FCA. He is also Chair of the Interim Board of Directors of the Bereavement Authority of Ontario, elected in 2014 and Chair of the Condominium Authority of Ontario, elected in August 2016.

In November 1997, Tom became Registrar under the *Real Estate and Business Brokers Act* and in January 2002 became CEO at the Real Estate Council of Ontario (RECO) until his retirement in September 2014. RECO was one of the first delegated administrative authorities established by what is now the Ministry of Government and Consumer Services.

From 1991 to 1997 Tom was Information and Privacy Commissioner for the Province of Ontario heading the office responsible for ensuring that ministries and government agencies of the provincial government and municipal organizations comply with Ontario's freedom of information and privacy laws.

A graduate of Queen's Law School, Tom was called to the Ontario Bar in 1975 and practised law for 10 years prior to joining the Ontario Public Service in 1985 where he held various legal positions.

Renu Kulendran, Director

Renu Kulendran is the Assistant Deputy Minister of the Consumer Services Operations Division in the Ministry of Government and Consumer Services. Renu is responsible for delivering the ministry's consumer complaint, regulatory compliance and enforcement programs; implementing modernized data and risk-based awareness, prevention and enhanced compliance and enforcement strategies for the ministry; transforming ministry program delivery through expansion of the delegated administrative authority model and providing expert advice on the model across government; and, developing regulatory partnerships with other ministries, governments and enforcement entities to achieve consumer protection objectives.

Renu has extensive experience in social and economic resource policy development; issues management; stakeholder relations; and, experience managing complex enforcement and compliance issues in an operational context.

Renu has held senior leadership positions at the Ministry of Labour, Ministry of Community Safety and Correctional Services, the Ministry of Education, and Cabinet Office. She has worked in the Ontario Public Service for over 25 years.

Wendy Noss, Director

Wendy Noss is the President of the Toronto-based Motion Picture Association – Canada.

MPA-Canada is the voice and advocate of the major international producers and distributors of movies, home entertainment and television programming in Canada and is an affiliate of the Motion Picture Association of America, Inc. (MPAA). The film and television studios represented include Walt Disney Studios Motion Pictures, Paramount Pictures Corporation, Sony Pictures Entertainment Inc., Twentieth Century Fox Film Corporation, Universal City Studios LLC, and Warner Bros. Entertainment Inc.

Wendy is responsible for overseeing the MPAA member companies' legislative, regulatory, and legal strategies across Canada and for promoting their interests across the country. On behalf of these studios and their domestic affiliates, Wendy leads the organization in support of initiatives which further the health of the film and television industry and foster an environment of respect for creativity in Canada. Wendy joined MPA-Canada in 2006 and previously served as General Counsel.

Wendy has more than 25 years of experience in government affairs representing creative industries in Canada. Prior to joining the Motion Picture Association - Canada, she was a practicing lawyer focusing on intellectual property law and policy. She previously served as Counsel and Director of Legal and Government Affairs for the national copyright collective representing authors and publishers.

Wendy attended the University of Western Ontario where she received her Bachelor of Arts (English) in 1987. She was awarded her law degree from Osgoode Hall Law School in 1990 and was admitted as a Member of the Law Society of Upper Canada in 1992.

Wendy currently serves as a member of the Board of Directors of the Canadian American Business Council, the Motion Picture Classification Corporation of Canada, and MPA-Canada. She was selected by the Government of Ontario to serve on the Board of the Ontario Film Authority, and the Ministry of Tourism, Culture and Sport's Film and Television Advisory Panel.

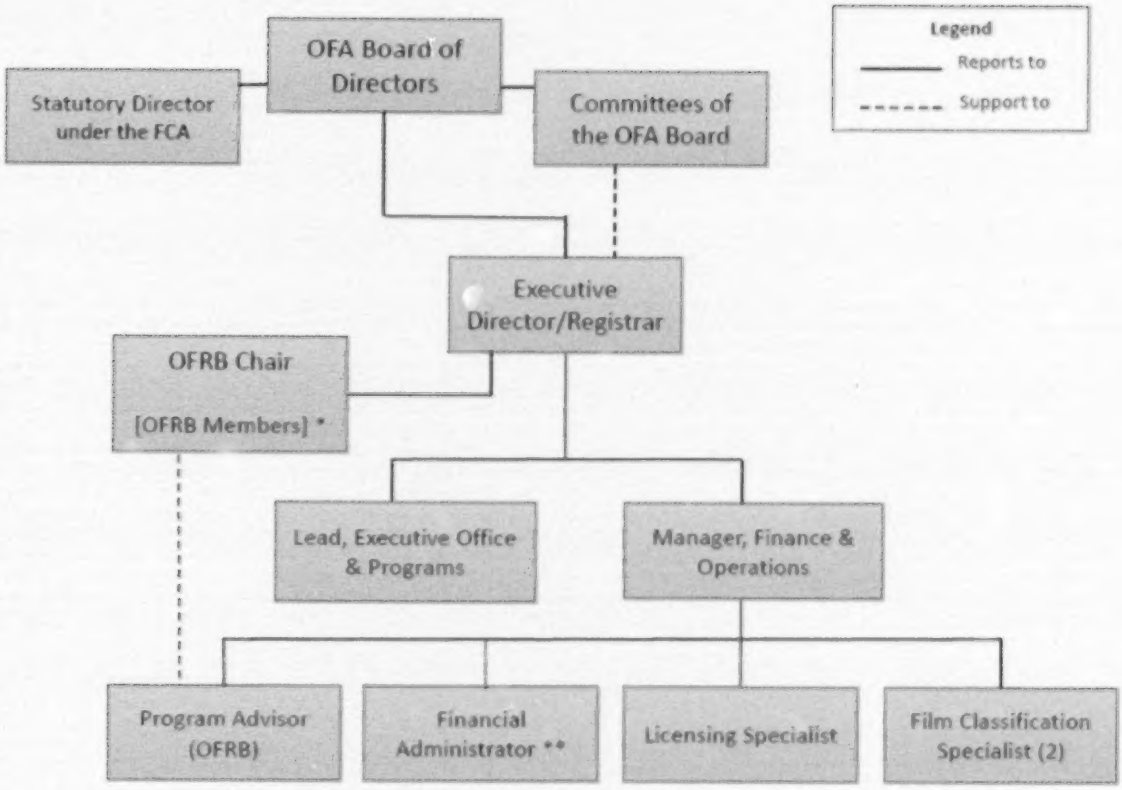
Janet Robinson, Director

Janet Robinson led a successful 30-year career in the health care field; active in team management, mentorship and enhancing stakeholder relations within and outside of health centres.

In 1999, Janet was appointed to the Ontario Film Review Board as a member of the classification team. In 2003, she was appointed Vice-Chair and in 2004, was appointed Chair where she held this position until 2014. During her tenure as OFRB Chair, Janet led outreach programming for Ontario's general public with public film evenings and speaking with interested groups. She also initiated the "OFRB Student Film Competition", a 60 second public service announcement (PSA) explaining OFRB's film classifications. Two successful contests were held in 2006 and in 2008 with the PSAs showing on 590 screens across Ontario.

Janet now serves on the interim Board of Directors for the Ontario Film Authority.

Organizational Chart



* OFRB Members report to the OFRB Chair

** OFA has a bilingual staff member

ONTARIO FILM REVIEW BOARD (OFRB)

Prior to delegation, the OFRB was an agency of the Ministry of Government and Consumer Services (MGCS). It is now a division within the OFA with the specific mandate to review and classify and/or approve films in accordance with the FCA, established OFRB guidelines, and prevailing community standards so that Ontarians can make informed viewing choices for themselves and their families.

Subject to a few specific exceptions, if a film (mainstream/trailer), including videos and DVDs, and adult sex films, is to be distributed or exhibited in Ontario, it must first be classified or approved by the OFRB.

Ontario's film classifications categories (rating) - General, Parental Guidance, 14A, 18A and Restricted - are set out in Regulation 452/05 under the FCA. In addition to determining a classification category, the OFRB also often provides information pieces or content advisories about a film to assist the public with making an informed viewing choice. The OFRB consisted of 18 individuals (members) who come from a variety of diverse backgrounds, and vary in age, gender, vocation, race, cultural background and sexual orientation. Members typically sit on screening panels of three to classify mainstream films and trailers, and non-English/non-French films are screened by two-person panels. Adult sex films are approved by one member, however, if the member does not approve the adult sex film, a second member will also review the film.

Classification decisions are made by consensus and occasionally members cannot agree on the final classification of a film. In these instances, a cumulative panel is called and two to four members who have not screened the film are assigned to classify the film. The results of both the original panel and the cumulative panel are tallied, and the classification rating identified by the majority (which is now considered a cumulative decision) will be assigned to the film.

The OFRB also has a Chair who is a member and who has the responsibility of ensuring that the OFRB fulfills its mandate. The Chair does not review and classify films.

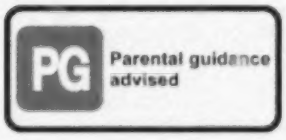
Periodically, the OFRB reviews and updates classification guidelines and procedures as appropriate to ensure that they reflect and maintain the integrity of community standards, as well as appreciate and accommodate a film's artistic merit or social and documentary significance. Information on how the OFRB classifies films can be found on the OFA's website (www.ontariofilmauthority.ca).

From October 1, 2015 to March 31, 2016, the OFRB classified 1857 films, screening a total of 155,413 minutes of film. In addition, the OFRB classified another 675 films by way of documentation, i.e. these films were rated based on a written application process rather than screened. For more detailed information on classification statistics, please refer to pages 12 to 14 in the Annual Report.

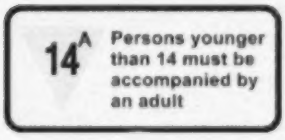
Classification Categories

Ontario Regulation 452/05 under the *Film Classification Act, 2005* gives the Ontario Film Review Board the authority to review and classify films into one of five classification categories: G, PG, 14A, 18A or R. Elements that contribute to the film classification include language, violence, nudity, sexual activity, horror and psychological impact.

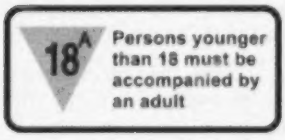
Suitable for viewers of all ages.



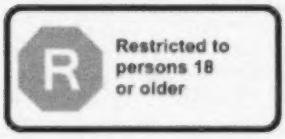
Parental Guidance is advised. Theme or content may not be suitable for all children.



Suitable for viewing by persons 14 years of age and older. Persons under 14 must be accompanied by an adult. May contain violence, coarse language, and/or sexually suggestive themes.



Suitable for persons 18 years of age and older. Persons under 18 may attend but must be accompanied by an adult. May contain: explicit violence, frequent coarse language, sexual activity and/or horror.



Admission restricted to persons 18 years of age and older. Content not suitable for minors. May contain: frequent use of sexual activity, brutal/graphic violence, intense horror and/or other disturbing content.

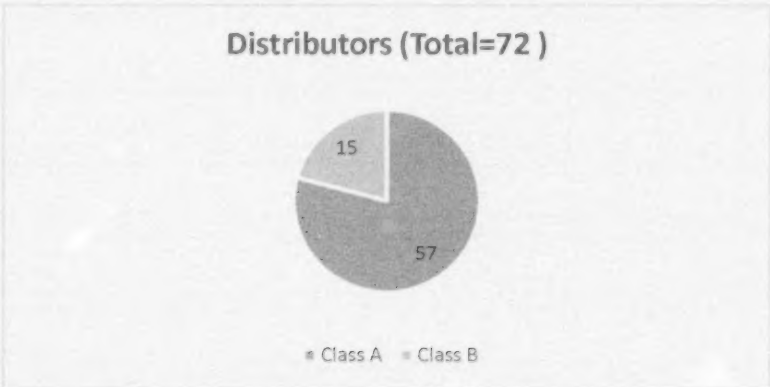
OPERATIONAL PERFORMANCE REVIEW

Licensing

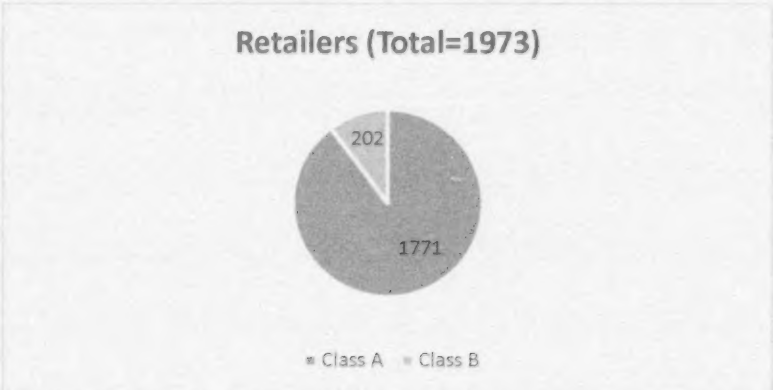
Subject to some exemptions, distributing or exhibiting a film in Ontario requires a licence under the FCA. The OFA has issued a total of 2202 licenses in seven classes of licences. Please refer to the charts below for a breakdown of classes of licences.

The following distributor licences are issued.

- Class A Distributor - authorized to distribute films other than adult sex films
- Class B Distributor - authorized to distribute films or adult sex films only to a Class B exhibitor, distributor or retailer licensee

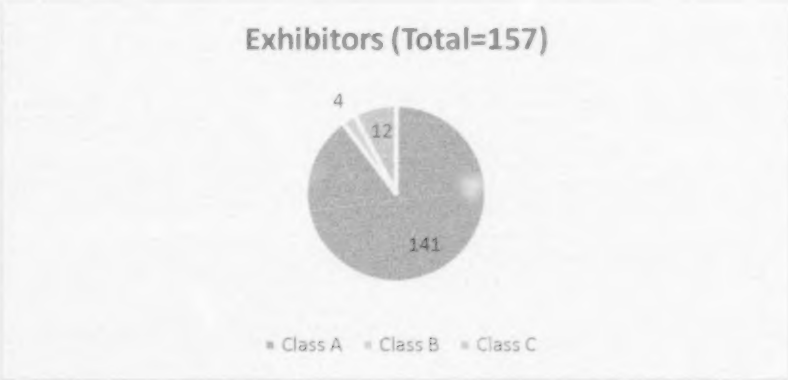


- Class A Retailer - authorized to distribute films other than adult sex films to the public
- Class B Retailer - authorized to distribute films, including adult sex films to the public



The following exhibitor licences are issued.

- Class A Exhibitor - authorized to exhibit films other than adult sex films at the premises specified in the licence
- Class B Exhibitor - authorized to exhibit adult sex films at the premises specified in the licence
- Class C Exhibitor - authorized to exhibit films other than adult films at premises commonly known as drive-in theatres



Licence renewal and expiry letters are sent out 60 days prior to a licensee's expiry date. Provided that all of the information on an application form is complete and correct, a licence is issued within three business days.

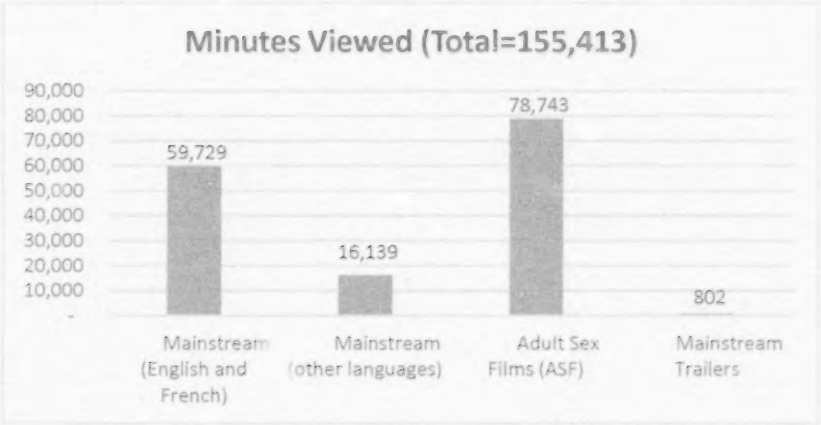
All phone and/or email inquiries are answered within one business day.

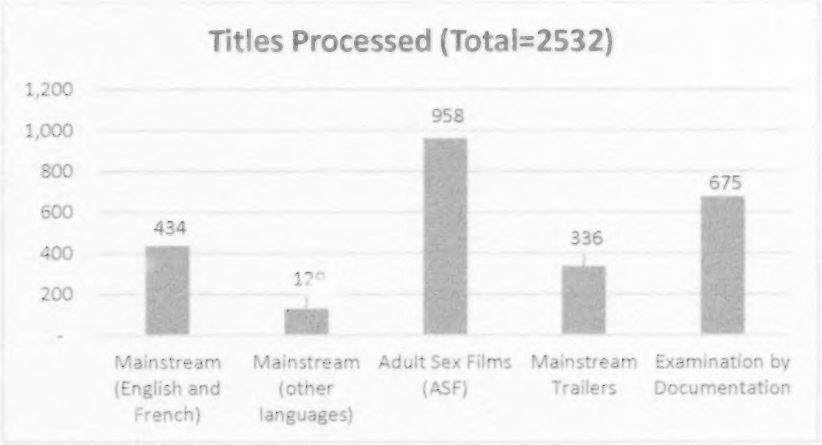
Film Classification

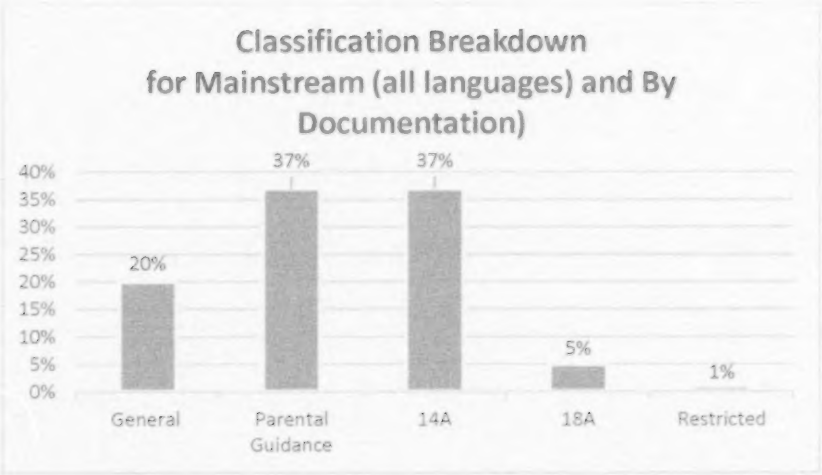
The OFRB issues a certificate of classification for every film (mainstream features and trailers in English, French or other languages, video, DVD or by documentation) it reviews and classifies. All adult sex films the OFRB approves are also issued a certificate of classification.

If the original applicant for a certificate of classification disagrees with the classification rating the OFRB has issued or the OFRB has refused to approve an adult sex film, the applicant may appeal that decision (within 14 days of receipt of a certificate of classification) and resubmit the film to the OFRB. Members of the public who are dissatisfied with a classification rating, can submit a complaint which may trigger the OFA's statutory director to resubmit the film for reconsideration by the OFRB. In both instances, the film is then screened and classified by members who did not participate in the initial decision.

OCTOBER 1, 2015 - MARCH 31, 2016	
Minutes Viewed	
Mainstream (English and French)	59,729
Mainstream (other languages)	16,139
Adult Sex Films (ASF)	78,743
Mainstream Trailers	802
Total:	**155,413**
Titles Processed	
Mainstream (English and French)	434
Mainstream (other languages)	129
Adult Sex Films (ASF)	958
Mainstream Trailers	336
Total:	**1,857**
Appeals	
Classification– decision changed	4
Classification– decision upheld	8
Approval– decision changed	-
Approval– decision upheld	-
Total:	**12**
Cumulative Decisions	3
ASF Non-Approval Decisions	21
By Documentation	675







Requests for screening dates for all mainstream films (features/trailers) are provided either on the same day the request is made or within three business days. Requests are typically made via email and submitted with the application form for classification. Appeal screenings are scheduled within three days of the submission of an appeal request.

Once the OFRB has screened a film on the scheduled date and provided the classification information to the OFA administrative team, the turnaround time to issue a certificate of classification for mainstream films for exhibition is on the same day of screening or the next business day; standard is one to two business days.

Video/DVD mainstream and adult sex films are screened and issued a classification within ten business days or less; standard is ten days.

All phone and/ or email inquiries are answered within one business day.

COMPLAINT HANDLING PROCESS

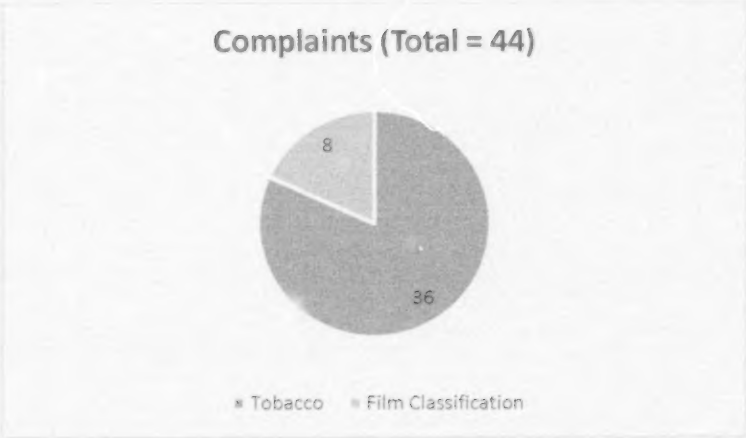
The OFA receives numerous telephone and email enquiries on a daily basis primarily from industry clients. OFA staff provide information on film certificates of classification and content advisories, licensing processes, and acceptable regulatory practices.

The OFA does not have the authority to settle a dispute, or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the FCA, the Registrar will undertake the necessary compliance and enforcement activities. If such is the case, this will be dealt with separately from assisting with the resolution of the complaint.

Complaints may be submitted to the OFA by telephone, fax, mail, email or by completing and submitting the "Service and Accessibility Customer Comments" form or the "Inquiry, Comment or Complaint" form. When the OFA receives a complaint, it may be resolved in anywhere from a few hours over the telephone or a few days to a few weeks for a formal complaint. The length of time may vary depending on the complexity of the issues, and the feedback and documentation required to deal with the complaint.

The majority of general inquiries, comments or complaints are sent to the OFA via email and typically pertain to film classification decisions. The "complaints" the OFA receive are from members of the public/ consumers who are dissatisfied with a rating for a movie they or their children have viewed in a theatre. For example, they question why a film was rated PG instead of 14A. The OFRB Chair responds in writing to all inquiries and complaints dealing with film classification decisions (within seven business days) outlining the classification process and provides an explanation of how the rating was arrived at. Under the FCA, consumers have the ability to request a reconsideration of a classification decision.

Complaints



The OFA received a total of 44 complaints. Eight of these complaints were from individuals who were dissatisfied with the classification of a film from the OFRB; the rest were from individuals who would like to see adult ratings applied to films that contain tobacco use.

There were no complaints against the OFA itself. Appeals against the Registrar's administrative decisions, such as the denial or revocation of a licence, may proceed, as appropriate to the Licence Appeal Tribunal. There were no appeals.

Note - An applicant for a certificate of classification may appeal the OFRB's classification decision or appeal the OFRB's refusal to approve an adult sex film under the FCA. Appeals and reconsiderations are not included in the above complaint statistics.

FRENCH LANGUAGE SERVICE

The OFA can respond to any enquiries received in French, whether oral or written. The nature and level of service the OFA provides in French is determined on an as-required basis.

During this period, there were no requests for French language services. However, responses to two phone calls and an email were voluntarily provided in French.

FINANCIAL REVIEW

The financial overview is based on the April 1, 2015 to March 31, 2016 audited financial statements (see Appendix I – Audited Financial Statements). As the OFA was delegated on October 1, 2015, the financial figures for 2014/2015 and the first six months of 2015/2016 reflect activities to set up the OFA as a delegated administrative authority.

Fiscal 2015/2016 was a unique time as it consisted of revenue and expenses from two distinct time periods, pre-delegation and post-delegation.

Pre-delegation activities were funded by the Ministry of Government and Consumer Services. Expenses were commensurate with the start-up of the OFA as a new, not-for-profit corporation. The pre-delegation team implemented project deliverables against strict timelines to operationalize the OFA. They conducted consultations to inform film sector stakeholders about the delegation; established the organizational design and recruited staff; procured the necessary information technology and office equipment; and developed a new OFA website and forms.

Post-delegation, effective October 1, 2015, the OFA relied on two revenue streams, film classification fees and licensing fees from film distributors, exhibitors and retailers who distribute films. Fees for both streams of revenue are in accordance with the Minister's Order made under the *Film Classification Act, 2005*. The current fees came into force on August 31, 2005. They have not been adjusted since.

Post-delegation operational expenses were aligned with the administration of the *Film Classification Act, 2005*. The OFA took over the ministry's former office accommodations and lease obligations, where the former Theatres Regulations Unit and the OFRB were previously located. Key post-delegation expenses included staff salaries, per diems for OFRB members and the OFA board, lease costs, and non-recurring legal and information technology costs.

SLOAN PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Morison KSi

ONTARIO FILM AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2016

ONTARIO FILM AUTHORITY

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MARCH 31, 2016

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SLOAN PARTNERS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Morison KSi

INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Film Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Film Authority, which comprise the statement of financial position as at March 31, 2016, and the statements of changes in net assets, operations, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion of these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Ontario Film Authority as at March 31, 2016, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Sloan Partners LLP

October 5, 2016

Chartered Professional Accountants
Licensed Public Accountants

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COMMITTED TO YOUR SUCCESS
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ONTARIO FILM AUTHORITY
STATEMENT OF FINANCIAL POSITION

As at March 31	2016	2015
ASSETS		
Current		
Cash	$ 877,199	$ 27,049
Amounts receivable	357,633	-
HST PSB rebate recoverable	43,711	34,837
Grants receivable (Note 3)	65,040	32,660
Prepaid expenses	19,814	5,668
	1,363,397	100,214
Capital assets (Note 4)	69,472	6,236
	$ 1,432,869	$ 106,450
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 435,652	$ 82,945
Deferred revenue (Note 5)	716,422	23,505
HST payable	13,648	-
	1,165,722	106,450
NET ASSETS		
Unrestricted net assets	267,147	-
	$ 1,432,869	$ 106,450

Approved by:

Director: Tom Wright

Director: Renu Kulendran

See the accompanying notes to the financial statements

ONTARIO FILM AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31	2016	2015
NET ASSETS CONSIST OF:		
Unrestricted net assets		
Balance, beginning	$ -	-
Excess of revenue over expenses	267,147	-
Balance, ending	267,147	-
NET ASSETS, ending	$ 267,147	$ -

See the accompanying notes to the financial statements

ONTARIO FILM AUTHORITY
STATEMENT OF OPERATIONS

Year ended March 31	2016	2015
REVENUE		
Classification fees	$ 883,826	$ -
Grants (Note 7)	496,905	384,990
Licensing fees	248,690	-
	1,629,421	384,990
EXPENSES		
Salaries and wages	358,473	98,328
OFRB classification services	236,487	-
Legal fees	229,047	140,011
Office and general	113,920	17,064
Oversight fee	111,000	-
Occupancy costs	102,723	63,760
Subcontractors	99,862	-
Professional fees	33,643	46,500
Board of director remuneration	26,427	10,218
Insurance	25,482	6,427
Interest and bank charges	4,720	112
Amortization	20,490	2,570
	1,362,274	384,990
EXCESS OF REVENUE OVER EXPENSES	$ 267,147	$ -

See the accompanying notes to the financial statements

ONTARIO FILM AUTHORITY
STATEMENT OF CASH FLOWS

Year ended March 31	2016	2015
CASH PROVIDED BY (USED IN) THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenses	$ 267,147	$ -
Item not affecting cash:		
Amortization	20,490	2,570
Changes in non-cash working capital:		
Amounts receivable	(357,633)	-
HST PSB rebate recoverable	(8,874)	(28,938)
Grants receivable	(32,380)	(16,660)
Prepaid expenses	(14,146)	11,968
Accounts payable and accrued liabilities	352,707	25,079
Deferred revenue	692,917	(58,378)
HST payable	13,648	-
	933,876	(64,359)
INVESTING		
Purchase of capital assets	(83,726)	(8,806)
NET INCREASE (DECREASE) IN CASH	850,150	(73,165)
CASH, beginning	27,049	100,214
CASH, ending	$ 877,199	$ 27,049

See the accompanying notes to the financial statements

PURPOSE OF THE ORGANIZATION

The Ontario Film Authority (the "Organization") was established to administer the Film Classification Act, 2005 (the "FCA") and regulations made pursuant to it and any other legislation and regulations as may be designated and delegated to the Organization under the Safety and Consumer Statutes Administration Act, 1996 as amended from time to time and any other legislation or regulations under which responsibilities are designated to the Organization in the future. The Organization will oversee the licensing of film theatres and the operations, including the film classification and approval activities of the Ontario Film Review Board, or any successor organization. The Organization will also promote and enhance public information, education, confidence and awareness in the film industry in Ontario through, but not necessarily limited to the following activities: film classification, licensing, inspections, investigations, responding to complaints, and public education activities.

The Organization was incorporated without share capital under the laws of the Province of Ontario on September 25, 2013. It is carried on without the purpose of gain for its members, and any profits or other accretions to the corporation shall be used in promoting its objects, and as such, is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant by the Organization.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from these estimates. Significant estimates are comprised of grants receivable, prepaid expenses, HST PSB recoverable, book value of capital assets, accruals for accounts payable and accrued liabilities, and deferral of revenues.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at rates intended to write-off assets over their estimated productive lives as follows:

	Rate	Method
Video equipment	40%	declining balance
Computer equipment	45%	declining balance
Computer software	100%	declining balance

The Organization regularly reviews its capital assets to eliminate obsolete items and fully amortize items no longer in service.

Revenue Recognition

(i) Grant revenue
The Organization follows the deferral method of accounting for contributions. Restricted contributions, if any, are recognized in revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Contributions are allocated to the purpose to which they relate. If the contributor makes no designation, they are allocated to general purposes. Grants are recognized in the period to which the related project occurs. Grants are recorded in revenue when the corresponding conditions for receipt of the funds received are met, or the period for which the funds are designated has passed.

Grants received in excess of the amount to be recognized in revenue for the year are recorded as deferred revenue.

(ii) Classification fees
Fees charged for reviewing and classifying films in accordance with the FCA. Classification fees are recognized when the film has been classified.

(iii) Licensing fees
Fees charged for licensing retailers, distributors, and exhibitors are for a one, two, five, or ten year period. They are recognized evenly over the duration of the license. Unearned fees are recorded as deferred revenue.

2. CAPITAL MANAGEMENT

When managing capital, the Organization's objectives are to ensure that the entity continues as a going concern as well as to maintain optimal benefits to its stakeholders. Management adjusts the capital structure as necessary, in order to support the operational requirements of the organization. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the organization. The Organization defines capital to include its working capital position and the net assets of the organization.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Organization, is appropriate.

3. GRANTS RECEIVABLE

	2016	2015
Ministry of Government and Consumer Services	$ 65,040	32,660

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Computer equipment	$ 50,059	$ 12,760	$ 37,299	$ 5,171
Video equipment	40,000	8,000	32,000	-
Computer software	2,473	2,300	173	1,065
	$ 92,532	$ 23,060	$ 69,472	$ 6,236

5. DEFERRED REVENUE

	2016	2015
Continuity of deferred revenue:		
Deferred revenue, beginning	$ 23,505	$ 81,883
License fees received	711,225	-
Classification fees received	1,137,713	-
Grants received (Note 6)	473,400	326,600
	2,345,843	408,483
Licensing fee revenues	(248,690)	-
Classification fee revenues	(883,826)	-
Grant revenue (Note 7)	(496,905)	(384,978)
Deferred revenue, ending	$ 716,422	$ 23,505
Deferred revenue consists of:		
Licensing fees received in advance	$ 462,535	$ -
Classification fees received in advance	253,887	-
Ministry of Government and Consumer Services	-	23,505
	$ 716,422	$ 23,505

6. GRANTS RECEIVED

	2016	2015
Ministry of Government and Consumer Services	$ 473,400	$ 326,600

7. GRANT REVENUE

	2016	2015
Ministry of Government and Consumer Services	$ 496,905	$ 384,978

8. COMMITMENTS

The Organization is committed to lease its premises at 4950 Yonge Street, Suite 101B, Toronto, Ontario M2N 6K1 until September 30, 2018. The future minimum annual lease payments are as follows:

Fiscal year	Amount
2017	$ 246,535
2018	246,535
2019	123,267
	$ 616,337

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's method of presentation.